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Neil Goldschmidt to Vera Katz

Neil Goldschmidt

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October 3, 2002

The Honorable Vera Katz
Mayor of Portland
1221 SW Fourth Avenue
Portland, Oregon 97204

Dear Vera:

I apologize for the delay in sending you my "list" of thoughts of next steps or opportunities concerning the Park Blocks. It is an exciting thought to be able to work with the City to accomplish good things for Portland, whether now or over the next decade or more. I have organized my thoughts to focus across a broader palette simply because the parks, when developed, would take their character from the properties adjacent to and surrounding the parks. Unlike their more pastoral cousins to the north, south, and across our city, this is a zone with a very urban feel. Parks, wherever they are placed, need to give respect to their environment and this one should expect to connect its parks to retail, restaurants, housing, and the other investments we make to assure economic and cultural health in our CBD. While much attention has been paid to our belief that a continuous open space along the mid-town park block corridor would provide huge benefits to our City, we hold equally high some additional beliefs. First, that this area should provide an exciting entrance to the cultural district, and second, that this "district", once developed, would be both a great 'gateway' to downtown from the west, and an important entertainment, and shopping destination for residents and visitors alike.

Much has happened, in my view, to the positive over the past year. The Park Blocks Foundation, negotiating with willing sellers, has acquired a significant toehold in the two blocks between the Zell family block and O'Bryant Square. Just as important, the Zell family, as you know, has quietly opened conversations with your PDC staff about how they might trade/exchange for their property, thus opening up a set of exciting possibilities that I'd like to review in this "list of opportunities" memo.

October 3, 2002

Page 2

The key to the neighborhood in which we would work to add additional parks is to power up activities on the current Nordstrom's, Galleria, and West Parking Garage blocks. The west garage is outdated and must either be remodeled to make it more attractive for retail tenants, and, if possible, parkers, or in the longer term replaced by underground parking on several of the blocks between 9th & 10th. Personally, I conclude that the Galleria needs to be in the hands of the City to assure Nordstrom's that something significant will be done to assure that our most successful retailer isn't left with a completely naked western flank. Our goal ought to be to convince Nordstrom's that enough important things are going to happen around them that they ought to expand their store by remodeling to the west. Secondly, without reducing the importance of the retail center around Pioneer Place, there is room for valuable retail and restaurant growth in the area along the proposed Park Blocks corridor.

While it would take PDC's management and lots of creativity by staff and citizens, I am currently imagining that what follows would actually be possible and workable. Here goes:

1. Persuade the Zells to limit extension of current leases for their properties to a period not longer than five years from now.
2. Use the near term to negotiate the Zells into a neighboring property. During the intervening period they could continue to own their property (thus can collect income from their existing property which is critical to the elders in the family) while developing the new property to house their current tenants.
3. Acquire the Galleria building and likely the block to its north (owned by the Goodmans and Schnitzers) for underground parking, retail, restaurants, housing etc. Note: this might actually be the first step in the City efforts because it would give you multiple locations into which the Zells might be negotiated.
4. Upgrade the west parking garage.

5. Gain permission from all affected parties (you included) to delay construction of the new park on the Goodman-Moyer block so that this parking is not lost until the other phases are programmed and an appropriate date is selected.
6. Develop an agreement with the Park Blocks Foundation to transfer the Goodman-Moyer Block to you (or retain it) with the revenue to be used to pay for the new park on the Zell block. Note: assuming that park construction is about \$1million per block, operating the existing Block 5 lot for 3 years, would pay for 100% of the construction costs.
7. Design parking under both the Goodman-Moyer and Zell blocks with possible access from new down ramps constructed from 10th avenue through the west garage, with additional access or egress to & from the two blocks likely being needed.
8. City plans a mixed use development along the west side of 9th Street, potentially including the west garage, Galleria, the undeveloped block to the north of the Galleria, and perhaps partnering to see improvements on both sides of O'Bryant Square (Pittock & Bank of California). The great opportunity here is to place modern, competitive, high quality parking beneath these blocks, and housing above the ground & 2d floor retail and restaurant activities.
9. There is much more worth discussing, including the future development of block 86 north of O'Bryant square, perhaps a "stand still" agreement from the Park Blocks Foundation that assures no demolition on either of the blocks between Zells and O'Bryant Square for a considerable period of time.
10. When these opportunities are ordered in a priority list to the satisfaction of the City, your team should approach Nordstrom's in Seattle with a proposal which allows the building owner to expand their store to the west at least 25 feet, if not more. While working with the building owner & Nordstrom's, explore ways in which they might service their store in a manner more beneficial to their sales objectives and to our objective of an active street life along the west side of their building.

October 3, 2002

Page 4

This is obviously a mouthful of needs, opportunities, and potential commitments. I have confidence in the City's ability to partner to achieve all of this or other objectives. In the end, the district these activities would create need not diminish the retail core around Pioneer Place. It could and should develop its own character as a great walking district, a great restaurant area, and a gateway to the cultural district to its south. It would make possible the development of new residential facilities all along the corridor, including possibly on top of the west garage, but above all, this would build into our living, walking environment, excitement and quality, while adding jobs and taxable value to our economic engine.

I would love to visit with you about this at your convenience, but in any case thank you for your willingness to talk and to read this.

All my best

Neil Goldschmidt